



**Department of Energy**  
Western Area Power Administration  
Desert Southwest Customer Service Region  
P.O. Box 6457  
Phoenix, AZ 85005-6457  
**APR 20 2006**

**Dear Prospective Offeror:**

**Formal Notice of Request for Proposal**

Western Area Power Administration (Western) is soliciting proposals for an Energy Commodity combined with a Renewable Energy Certificate and/or Renewable Electricity (Energy) for the United States Department of Air Force, Edwards Air Force Base (Edwards AFB). The certifiable Renewable Energy Certificates (RECs) shall be provided to Edwards AFB on a quarterly basis.

The Request for Proposal (RFP) Attachment indicates the product type, quantities, and term of the Energy product.

Enclosed for your review is Western's formal RFP and supplier contract template for Purchase of Energy to potential suppliers.

Letters of intent from suppliers are due on April 28, 2006. It is anticipated that Western and Edwards AFB will award the contact on May 16, 2006, 4:00 p.m. Mountain Standard Time (MST). The power service for Edwards AFB will begin June 1, 2006.

If you have any questions regarding this RFP, please contact Norma Jensen-Shorty at (602) 605-2558 or Mike Simonton at (602) 605-2675.

Sincerely,

A handwritten signature in black ink that reads "Jean Gray".

Jean Gray  
Assistant Regional Manager  
for Power Marketing

Attachment

# REQUEST FOR PROPOSAL (RFP)

APR 20 2006

## 1. Background

Western Area Power Administration - Desert Southwest Customer Service Region (Western) is soliciting proposals for an Energy Commodity combined with a Renewable Energy Certificate and/or Renewable Electricity (Energy) for the United States Department of Air Force, Edwards Air Force Base (Edwards AFB) located in the Southern California Edison (SCE) service territory in the state of California. The certifiable Renewable Energy Certificates (RECs) shall be provided to Edwards AFB on a quarterly basis by the supplier. It is requested that each supplier provide prices for Power Requirements as requested in Section 2.

## 2. Power Requirements

### 2.1. Product:

Term: June 1, 2006 to September 30, 2009

Point(s) of Delivery: South Path 15 (SP15)

Pre-Scheduling: Pursuant to Western Electricity Coordinating Council Interchange Scheduling and Accounting Sub-Committee (WECC ISAS) daily scheduling calendar.

Quantities: As specified in Attachment 1.

Product: An Energy Commodity combined with a Renewable Energy Certificate and/or Renewable Electricity. All RECs shall be originated from either wind, solar, geothermal or biomass sources.

Underlying Agreement/

Contingencies: Western Systems Power Pool (WSPP) except for provisions specified in Western's contract template as provided.

## 3. Contractor Requirements

3.1. The Contractor shall provide Edwards AFB Energy into the SCE service territory at the designated delivery point.

3.2. The Contractor must currently hold any certifications or approvals to schedule power to SCE service territory.

3.3. The Contractor shall provide oversight, scheduling, tagging, and coordination services necessary for delivery of Energy to Edwards AFB.

3.4. The Contractor shall provide RECs to Edwards AFB on a quarterly basis.

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**3.5.** The Contractor shall furnish all labor, material, tools, equipment, and incidentals to supply and deliver Energy to Edwards AFB located in SCE service territory.

**3.6.** The Contractor shall directly invoice Edwards AFB in a monthly bill at the agreed to rate identified in the successful offeror's contract.

**3.7.** The Contractor shall accept the terms and conditions of Western's standard contract template (attached) for Purchase of Energy to be considered a potential supplier in this RFP award process.

**3.8.** Edwards AFB may have energy that is surplus to their load and Edwards AFB may request through Western that the Contractor purchase Edwards AFB's energy that is surplus to their load on a month ahead, day-ahead, or other mutually agreeable basis. Therefore, purchase of such surplus energy shall be accomplished through individual WSPP confirmations between Western and Contractor under such terms and conditions, including price, delivery point, quantity, and product, as mutually agreed to by Western and the Contractor.

**3.9.** The Contractor and Western shall agree upon a price for the surplus power purchases as described in section 3.8 and the Contractor shall net against the invoice as stated in section 3.6. The invoice shall be presented monthly to Edwards AFB for verification and payment.

**4. Evaluation Criteria** - The following criteria may be used, as deemed appropriate by Western and Edwards AFB, to evaluate the proposals that are received and to select acceptable Offers:

**4.1. Cost** – The total cost per megawatt hour (MWh), taking into account energy charges, capacity charges, cost of fuel, transmission costs, administrative costs, market representation, power scheduling, and any other charges shall be included in the proposal.

**4.2. Dependability** – Generating resource(s) dependability, based on forced outage rates, scheduled maintenance outages, and the dependability of the transmission system involved in delivering the power.

**4.2.1.** Contractor may be asked to specify the generating unit(s) or system(s) supplying the power and to provide information about the historical dependability of the generating resource(s) using industry standard measures such as capacity factor and forced outage rates, or to provide typical outage rates for similar power plants of the same manufacturer, owner, technology, age, and fuel type.

## REQUEST FOR PROPOSAL (RFP)

**4.3. Diversity** – The possibility that the failure of a single generating unit or transmission facility will interrupt power delivery. The possibility that the fuel used will become unavailable or that its cost will increase to a point where continued generation is uneconomic. The possibility that future pollution control regulations will increase the cost of generation would make it an uneconomical fuel choice.

**4.3.1.** Contractor may be asked to supply information about the proposed generation resource diversity.

**4.4. Risk and Supplier Responsibility** – The risk that the supplier will be unable to deliver the required amounts or lacks the financial resources to be able to continue operating for the entire time period proposed.

**4.5. Environmental Impact** – The environmental impact of the generating resource(s), based on the type of fuel or technology used to generate the power, and compliance with applicable environmental and pollution control laws and regulations.

**4.5.1.** Contractor may be asked to supply information about generating resource(s) proposed. If asked, Contractor proposing a variety of resources and technologies should include the requested information about each resource and technology type where possible, and the approximate percent contribution of each to the total resources proposed.

### 5. Legal and Regulatory Issues

**5.1. Department of Energy National Environmental Policy Act Compliance**  
If Western receives offer(s) for resources not yet constructed and selects the offer(s) for further consideration, Western and Edwards AFB must first consider the potential environmental impacts of constructing and operating the resource as required by the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. & 4321 et seq.) and the Department of Energy NEPA Implementing Procedures (40 CFR 1021). Western or Edwards AFB may reject offers if, in their judgment, the above-mentioned compliance requirements would cause power delivery to be delayed beyond the commencement date in Section 7.

### 6. Contract Duration

**6.1. Power** – Price proposals for Energy are being requested for the following term:

1. June 1, 2006 to September 30, 2009

## REQUEST FOR PROPOSAL (RFP)

### 7. Process and Timing

**7.1. Process** – Western and Edwards AFB shall supply a contract template along with this RFP. Western requests that interested parties submit a letter of intent and a proposal. Western and Edwards AFB will determine which offer is best suited for Edwards AFB and award the contract after the review process.

**7.2. Timing and Submission of Offers** – Letters of intent are due by April 28, 2006. Final proposals will be due by May 16, 2006 at 10 a.m. Mountain Standard Time (MST). After offers are received, Western and Edwards AFB will evaluate which offer best suits Edwards AFB. It is anticipated that all awards will be made by 4 p.m. MST on May 16, 2006. You may send your letter of intent or proposal by any means described below:

Reply to: Norma Jensen-Shorty, Public Utilities Specialist  
Western Area Power Administration

Mail: 615 South 43<sup>rd</sup> Avenue  
Phoenix, AZ 85009

Fax: (602) 605-2490

Email: [Jensen@wapa.gov](mailto:Jensen@wapa.gov) and [Simonton@wapa.gov](mailto:Simonton@wapa.gov)

**7.2.1. Notification that Offer was Selected** – Each contractor will be notified as to whether their offer has been selected.

**7.2.2. Contracts Signed** – Contracts for delivery should be completed and signed by all parties as appropriate.

**7.2.3. Commence Delivery of Power** – Deliveries of power and services will commence on: June 1, 2006.

**7.2.4. Scheduling Practices** – Contractor will coordinate pre-scheduling activities in advance as agreed to by the parties.

**7.2.5. Billing Practices** – As specified in the signed contract.

**7.3. Use of Information in Offers** – Western will provide information to Edwards AFB about the cost, terms, and conditions of the power and services offered so that Edwards AFB can decide whether or not to commit to a purchase.

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**7.4. Confidentiality** – If contractor does not wish to have part or all of the information in their offer available to the public, contractor must mark the sensitive sections of the offer “Confidential”. Marking “Confidential” will not prohibit Western from sharing information with Edwards AFB or its council.

**8. Documentation submitted by Contractor** – Offers must include the name, address, and legal description of the entity submitting the proposal, and be signed by a company official with authority to make offers and legally bind the Contractor. Contractor should provide information requested from Sections 2, 3 and Attachment No. 1 Sections 4 and 5 in their proposals. Including extraneous information in offers that is not requested in the RFP is discouraged.

**9. Rejection or Selection of Proposals** – the right is reserved by Western and Edwards AFB to reject any or all proposals or portions of proposals, or re-solicit for proposals, if desired, based solely on their judgment, where such action is deemed the most advantageous to Edwards AFB.

**10. Questions** - If you have any questions concerning this document, you may contact Norma Jensen-Shorty at (602) 605-2558 or Mike Simonton at (602) 605-2675. Thank you for your participation.

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**ATTACHMENT 1**

**Contractors are to supply applicable rates in boxes provided:**

- 1. Points of Delivery:** SP15
- 2. On Peak** = Hour Ending (HE) 7-22 Pacific Prevailing Time (PPT), Monday through Saturday.
- 3. Off Peak** = HE 1-6, 23 and 24 PPT Monday through Saturday and all day Sunday.

**Product Quantities:**

Month	On PK	Off PK
January	14	15
February	14	15
March	6	13
April	6	14
May	9	12
June	11	12
July	14	17
August	15	15
September	9	12
October	14	14
November	14	13
December	13	14

**\$/MWH On-Peak:**

**\$/MWH Off-Peak:**

- 4. RECs Generation Sources:** Contractors shall identify the generation source of the RECs used to supply Energy.
- 5.** Contractor shall identify whether the generation source is an energy commodity combined with a renewable energy certificate and/or renewable electricity.

**CONTRACT NO. 06-DSR-DRAFT**

**BETWEEN**

**UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
Desert Southwest Customer Service Region**

**AND**

**(SUPPLIER)**

**FOR**

**PURCHASE OF ENERGY**

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**AND**

**(SUPPLIER)**

**FOR**

**PURCHASE OF ENERGY**

1. **PREAMBLE:** This CONTRACT is made this \_\_\_\_ day of \_\_\_\_\_, 2006, pursuant to the Reclamation Act, the Acts of Congress approved June 17, 1902 (32 Stat. 388); the Reclamation Act of 1939, dated August 4, 1939 (53 Stat. 1187); the Department of Energy Organization Act, dated August 4, 1977 (91 Stat. 565); the Energy Policy Act of 1992 (Public Law 102-486); and Acts amendatory or supplementary to the foregoing Acts; between the UNITED STATES OF AMERICA, acting by and through the Administrator, Western Area Power Administration, Department of Energy, hereinafter called Western, represented by the officer executing this Contract, hereinafter called the Contracting Officer, and (Supplier), hereinafter called Contractor; each sometimes hereinafter individually called Party, and sometimes hereinafter collectively called the Parties.

2. **EXPLANATORY RECITALS:**

2.1 Western has entered into Interagency Agreement No. 01-DSR-11268 with the Department of Air Force, Edwards Air Force Base, CA (Edwards AFB), for the purpose of providing energy resource marketing services to Edwards AFB.

2.2 Western is purchasing an Energy Commodity combined with a Renewable Energy Certificate (RECs) and/or Renewable Electricity (Energy) specified in this Contract for the sole benefit of Edwards AFB.

2.3 Western and Edwards AFB desire that all RECs supplied under this Contract originate from either wind, solar, geothermal or biomass generation sources.

3. **AGREEMENT**: The Parties agree to the terms and conditions set forth herein.

4. **TERM OF CONTRACT**: This Contract shall become effective upon execution by both Parties and, except as otherwise provided for in Sections 7 and 8 hereof, shall continue in force and in effect from June 1, 2006, to September 30, 2009, or as otherwise provided for in the exhibits attached hereto.

5. **PURCHASE OF ENERGY**:

5.1 Western agrees to purchase the quantity of Energy, as a firm resource, as requested by Edwards AFB. The Energy will be delivered according to the Delivery Conditions identified in Exhibit A attached hereto.

5.2 All other terms and conditions not specified in this Contract shall be in accordance with applicable provisions of the Western Systems Power Pool (WSPP) Agreement, dated February 1, 2004. However, if the provisions of the WSPP Agreement are in conflict with this Contract, the provisions of this Contract shall control.

6. **PAYMENTS**:

6.1 Contractor agrees that this Contract is contingent upon the ability of Edwards AFB to make the required payments to the Contractor for said Energy provided for in Interagency Agreement No 01-DSR-11268 between Western and Edwards AFB.

Contractor agrees to release Western from all liability in the event Edwards AFB is not able

to fulfill this obligation.

6.2 Contractor agrees that Edwards AFB shall have sole responsibility for all payments due for the Energy provided under this Contract. Therefore, Contractor agrees to accept payment from Edwards AFB for satisfaction of all obligations of the United States under this Contract. Contractor further agrees that Western has no responsibility or obligation for any payments due hereunder.

6.3 In order to effectuate the provisions of Interagency Agreement No. 01-DSR-11268 between Edwards AFB and Western, Edwards AFB shall be responsible for accepting and paying monthly invoices submitted by the Contractor for services provided to Edwards AFB. Contractor shall send monthly invoices for review, certification, and payment to the address referenced in Exhibit A of this Contract.

6.4 Any payments made by Edwards AFB required under this Contract shall be in accordance with the Prompt Payment Act (31 U.S.C. § 3900 et seq.) and other applicable federal laws and Edwards AFB regulations and procedures.

7. **SUSPENSION OR TERMINATION FOR INADEQUACY OF FUNDING:**

7.1 It is agreed and understood that Edwards AFB shall make all payments due and payable under this Contract. Should for any reason Edwards AFB have inadequate funding to make the required payments, notice of said insufficiency shall immediately be provided to Western and to Contractor. In such circumstance, Contractor shall have the right to suspend performance as a result of said deficiency or shall have the right to terminate this Contract as a result of said deficiency and shall be entitled to recover damages, or, if applicable, a termination payment calculated in accordance with Section 21 or Section 22 of the WSPP Agreement, excluding the arbitration provisions of such

agreement, from Edwards AFB, as limited by Section 8 of this Contract.

7.2 If during the pendency of any suspension period any insufficiency giving rise to such suspension no longer exists and Edwards AFB is able to make the payments required hereunder, Contractor shall have the right to resume performance hereunder, and performance shall commence on a date mutually agreeable to Contractor, Western, and Edwards AFB.

7.3 Notwithstanding the Parties' obligations to purchase and sell energy under this Contract, Edwards AFB may request through Western that Contractor purchase Edwards AFB's Energy that is surplus to their load on a month-ahead, day-ahead, or other mutually-agreeable basis. Purchase of such surplus energy will be accomplished through individual WSPP Confirmations between Western and Contractor under such terms and conditions, including price, delivery point, quantity, and product, as mutually agreed to by Western and Contractor. Contractor will continue to invoice Edwards AFB for the original quantity of energy agreed to under this Contract, but will adjust Edwards AFB's invoice to net Edwards AFB's sales to Contractor.

7.4 Contractor's monthly invoice shall reference details of any transactions entered into pursuant to Section 7.3 above.

8. **DEFAULT BY CONTRACTOR:** Except for the Contractor's right to suspend or terminate performance under Section 7 hereof, the Contractor's failure to deliver Energy in accordance with the Delivery Conditions identified in Exhibit A hereto shall relieve Edwards AFB of any obligation to make payments provided for in Section 6 hereof. Should the Contractor fail to deliver Energy as specified herein for any two (2) consecutive days or any five (5) total days and such failure to deliver is not excused by Uncontrollable Forces as

define in Section 10 of the WSPP Agreement or excused by this Contract or the WSPP Agreement, Western shall have the right to declare the Contractor in default and to terminate this Contract in accordance with the terms of the WSPP Agreement. These rights shall be in addition to all other rights and remedies available to Edwards AFB, either by law or in equity, as the third party beneficiary to this Contract for breach of the terms hereof. In the event of a default by the Contractor, the Contractor shall not be entitled to recover damages, or, if applicable, a termination payment calculated in accordance with Section 21 or Section 22 of the WSPP Agreement.

9. **CONTRACT LIMITATIONS:**

9.1 Contractor recognizes that Western finances its operations by charging its electric service customers rates which will cover the costs of producing and transmitting the electric energy associated with each project and agrees that neither Western nor Western's customers other than Edwards AFB shall have responsibility for paying for any and all claims under this Contract. Contractor acknowledges and recognizes that any claims under this contract are the liability of Edwards AFB. All claims against Edwards AFB shall be subject to the Disputes section of this Contract.

9.2 Contractor agrees to indemnify and hold harmless Western, its employees, agents, or contractors from any loss or damage and from any liability on account of personal injury, death, or property damage, or claims for personal injury, death, or property damage of any nature whatsoever and by whomsoever made arising out of Contractor's, its employees', agents', or subcontractors' activities under this Contract.

10. **EXHIBITS:** Inasmuch as certain provisions of this Contract may change during the term of this Contract, they will be set forth in exhibits as formulated and modified from time-to-

time and as agreed upon by the Parties. The initial Exhibit A is attached hereto, made a part hereof, and shall be in force and effect in accordance with its respective terms until superseded by a subsequent Exhibit.

11. **DISPUTES:** Disputes between the Contractor and Edwards AFB shall be subject to the Contract Disputes Act, 41 U.S.C. § 601 et seq.
12. **GENERAL POWER CONTRACT PROVISIONS:** The General Power Contract Provisions (GPCP) dated June 15, 2005, as they may apply, are attached hereto, and are hereby made a part of this Contract the same as if they had been expressly set forth herein; provided, that if the articles in the GPCP are in conflict with this Contract, the provisions of this Contract shall control.
13. **AUTHORITY TO EXECUTE:** Each individual signing this Contract certifies that the Party represented has duly authorized such individual to execute this Contract that binds and obligates the Party.

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**DELIVERY CONDITIONS**

1. This EXHIBIT A, is made this \_\_\_\_ day of \_\_\_\_\_ 2006, to be effective under and as part of Contract No. 06-DSR-DRAFT, hereinafter called Contract, shall become effective upon execution of the Contract and shall remain in effect until superseded by another Exhibit A; provided, that this Exhibit A, or any superseding Exhibit A, shall terminate upon expiration or termination of this Contract.
2. **PRODUCT**: An energy commodity shall be combined with renewable energy certificates and/or renewable electricity. All renewable energy certificates shall originate from either wind, solar, geothermal or biomass. The certifiable renewable energy certificates shall be provided to Edwards AFB on a quarterly basis.
3. **PRODUCT #1**:
  - 3.1 POINT OF DELIVERY: SP15
  - 3.2 RATE: \$/MWH
  - 3.3 AVAILABLE QUANTITIES:

Month	On PK	Off PK
January	14	15
February	14	15
March	6	13
April	6	14
May	9	12
June	11	12
July	14	17
August	15	15
September	9	12
October	14	14
November	14	13
December	13	14

- 3.4 TERM: June 01, 2006 to September 30, 2009

4. **OPTIONAL SP15 (LMP -EEI) DELIVERY POINT DEFINITION:**

SP15 Zone; provided, however, if the California Independent System Operator or its successor ("CAISO") implements trading hubs under a locational marginal pricing design during the Delivery Period, the Delivery Point shall be the Existing Zone Generation SP15 Trading Hub ("SP15 EZ Gen Hub"). As such trading hub is contemplated by the CAISO in its filing made to the FERC dated March 15, 2005 ("Comprehensive Design Proposal for Inter-Scheduling Coordinator Trades Under the California Independent System Operator Corporation's Market Redesign and Technology Upgrade, Docket No. ER02-1656-025") and approved in principle by FERC pursuant to an Order issued June 10, 2005. Provided further, if the SP15 EZ Gen Hub (under any name) is not established as part of a market redesign that is implemented during the Delivery Period, the parties agree to promptly work together in good faith to designate an alternate Delivery Point to reasonably approximate the characteristics of the SP15 Zone.

5. **INVOICE SUBMISSION INFORMATION:**

Edwards Air Force Base  
225 North Rosamond Blvd 3500  
Edwards AFB, CA 93524

6. **SCHEDULING POINT OF CONTACT (POC) INFORMATION:**

Southern California Edison  
[Presched@sce.com](mailto:Presched@sce.com)  
(626)307-4425

7. This Exhibit A, to Contract No. 06-DSR-DRAFT may be modified in accordance with Section 10 of the Contract.